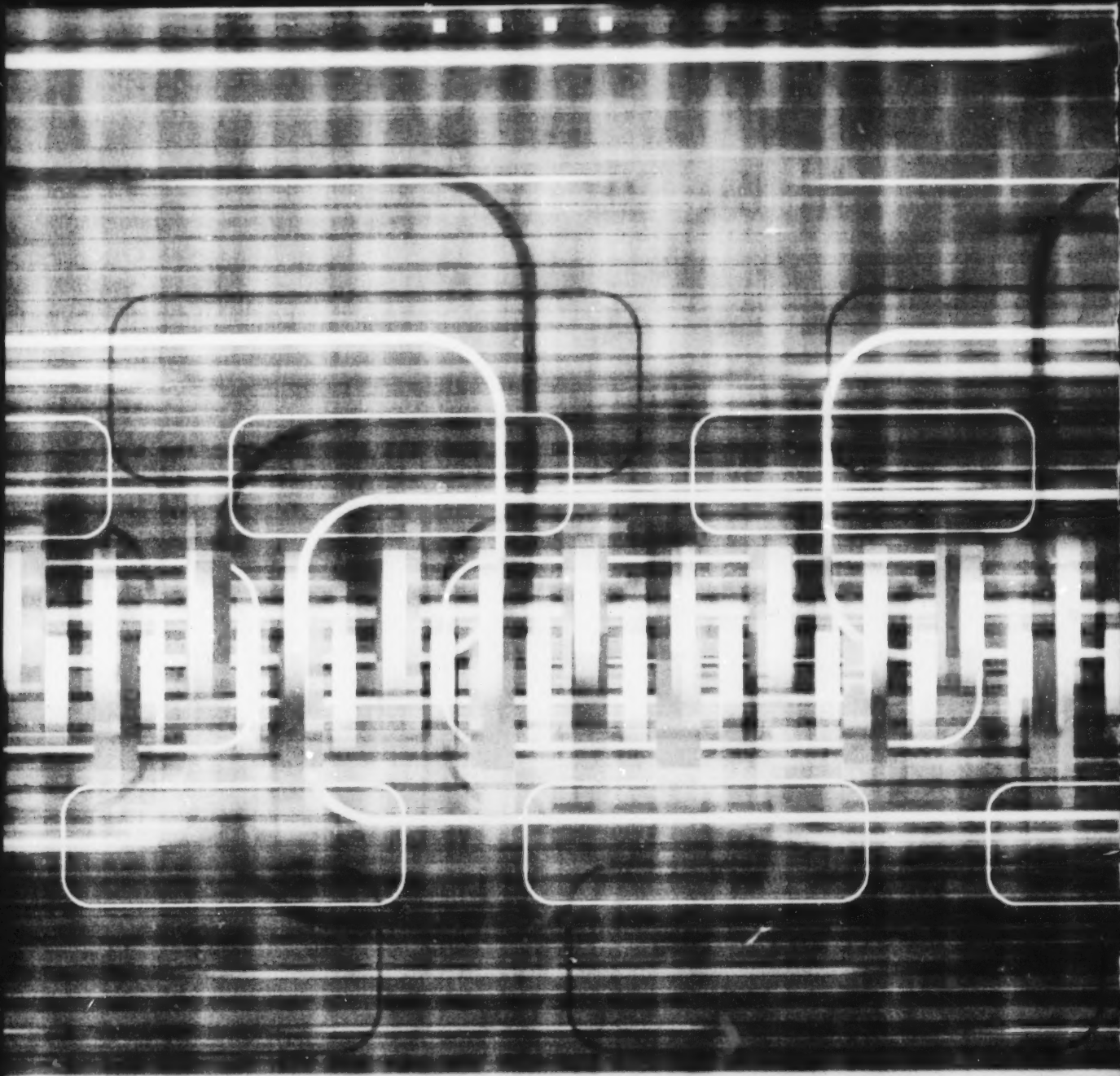




opportunity



Green Lake Métis Wood Products is a community-owned sawmill and the largest employer in the northern village of Green Lake, which lies about 40 km northeast of Meadow Lake. When a fire destroyed the existing sawmill in July 2000, leaving only inventory and a few pieces of equipment, it was imperative that it be rebuilt. The Saskatchewan Opportunities Corporation's investment of \$1 million helped to construct a modern, efficient sawmill to increase production of high-quality lumber. Today, the mill and related woodlands activities continue to provide employment for around 30 Green Lake residents and remain a model of business success for the northern region.

we see opportunity

The Saskatchewan Opportunities Corporation sees opportunity in businesses and projects that create investment revenue, economic growth and jobs for Saskatchewan people. As a Crown corporation investment agency, we have a dual mandate to contribute to the growth of the provincial economy while acting in a financially responsible manner. To fulfill this mandate, the corporation targets six strategic sectors where we see opportunity – agriculture, mining and minerals, forestry, tourism and culture, advanced technology and energy. These sectors are aligned with the Province's Partnership for Prosperity economic strategy. Similar to private sector investors, we want to see a solid business plan, strong evidence of commercial viability, quality management and an acceptable return on our investment. We also look for a significant equity commitment from the project's proponents, participation by other financial institutions and community support for the venture. We support the commercialization of new technology, the manufacture of products for export or import-replacement and the development of value-added manufacturing and processing. Through our investments, we are helping to build a secure and sustainable economic base in Saskatchewan and are beginning to capitalize on the enormous potential for growth and development in the province's North. We see opportunity in a healthy, diversified economy. If you have an investment opportunity you would like us to see, we want to hear from you.







Technology Management Corporation (TMC) provides management consulting, advanced networking, software development, e-business and technology support services to clients across North America. TMC was one of the first tenants at Regina Research Park in the fall of 2000. The park's information technology cluster gives TMC advantages such as access to facilities, the provision of high-speed network connections and the opportunity to draw on the expertise of neighbouring companies. These supports, along with a solid reputation for innovation and excellence, have helped TMC expand its client base and be competitive with national and multi-national companies.

we foster innovation

The Saskatchewan Opportunities Corporation fosters innovation through the development and operation of two highly successful research parks. The parks are adjacent to both the University of Saskatchewan in Saskatoon and the University of Regina. They build on the scientific and technological strengths of those institutions and their communities. Innovation Place in Saskatoon has a world-class reputation for agricultural biotechnology and is increasingly recognized as a centre of excellence in other areas of advanced technology, including information technology and the life sciences. Regina Research Park is focused on information technology, environmental science and petroleum technology. We foster innovation by creating a social and physical environment that stimulates the sharing of knowledge within these research clusters. Our specialized infrastructure includes state-of-the-art facilities supported by technical and business services. All of this support helps to move important discoveries from the lab into the marketplace. That is really the *bottom line* for us: facilitating the growth and development of new technology ventures in Saskatchewan and enhancing job creation in the advanced technology sectors. We foster innovation by supporting our province's best and brightest minds in their quest for knowledge. If you have an innovative concept that you would like to develop, we would like to hear from you.

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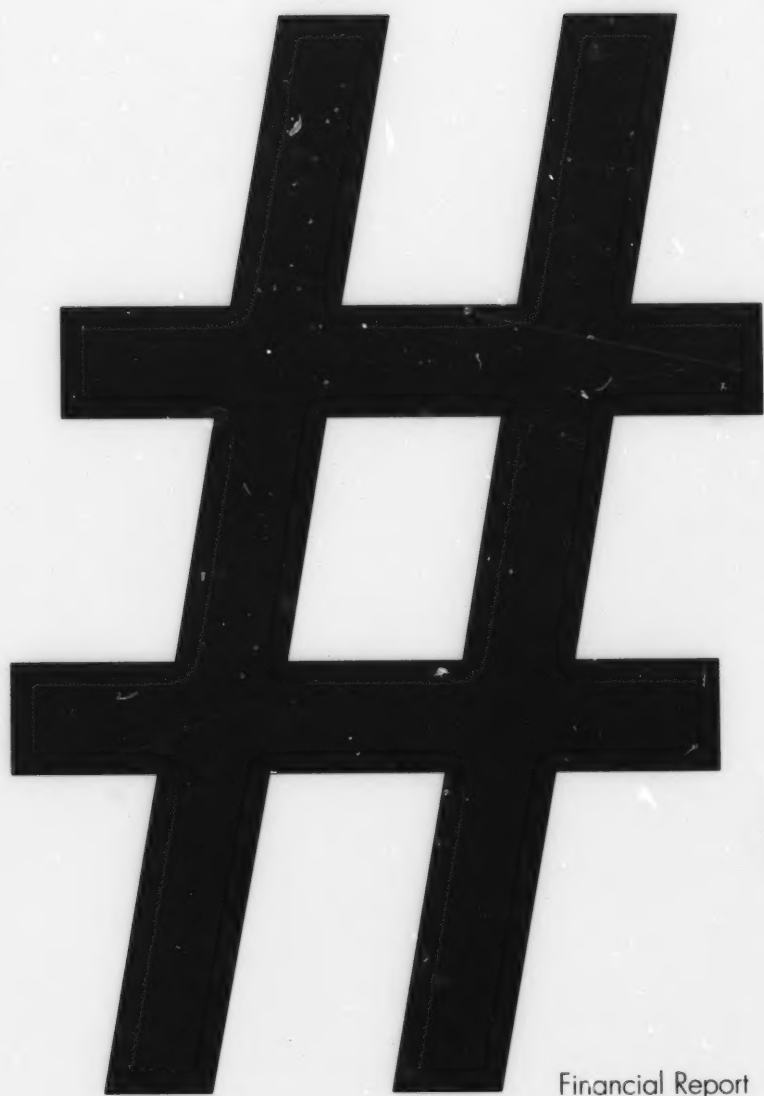
synergy

Critical Telecom is an innovative and aggressive telecommunications firm that has developed wireless and wireline technology to improve telephone and internet service delivery. It moved to Innovation Place in April 2000 to join a growing cluster of information technology companies. When the firm secured important deals with SaskTel and major Chinese and American companies and decided to further expand its reach, SOCO's Investments Division approved a \$500,000 term loan to help them achieve their objectives. Critical Telecom is one of many companies that have used our investment and infrastructure services to help grow their business.

we generate synergy

The Saskatchewan Opportunities Corporation generates synergy through its dual ability to invest in promising business ventures and provide infrastructure support to help develop those ventures. It is an attractive combination that gives Saskatchewan an edge over other jurisdictions and agencies involved in venture capital investing or research park development. The first-class facilities and services available at Innovation Place and Regina Research Park are well-suited to the small- and medium-sized advanced technology companies in which the corporation invests. Likewise, our ability to provide investment capital for new or expanding projects is often appealing to tenants in the research parks. By bringing together these two distinct services to provide comprehensive support for developing businesses, we generate synergy and encourage economic growth. Together, the two divisions help to establish new business and industry in Saskatchewan. Together, they are building on our province's strengths to develop a solid foundation for economic development. Together, they have and will continue to create jobs and economic spin-offs that benefit the entire province. We generate synergy by working together to help turn ideas into reality, innovations into opportunities. We bring it all together in one neat package at the Saskatchewan Opportunities Corporation. If you would like to create some synergy of your own, we may be able to help.

2



Financial Report

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2001 Highlights

During 2001, the Saskatchewan Opportunities Corporation disbursed \$5.3 million and approved investments in 22 projects.

SOCO's \$5.3 million of investment leveraged more than \$71 million in additional private and public sector investment.

In total, the corporation's 2001 investments helped create or maintain 863 jobs for Saskatchewan people, including 174 contract or seasonal positions.

The corporation's investment portfolio earned revenues of \$2 million.

In October, Saskatchewan Premier Lorne Calvert helped to open Regina Research Park's flagship building, The Terrace, with 300 invited guests and dignitaries on hand.

The 140 tenants of Innovation Place and Regina Research Park generated \$389 million in economic activity for the province.

The research parks helped to create or maintain 5,900 jobs in the province, including 2,750 people directly employed by the parks' tenants.

The two parks are almost completely full, each with occupancy rates of approximately 95%.

Letter of Transmittal

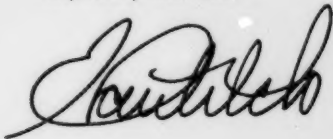
March 2002

To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of the Province of Saskatchewan

Dear Madam:

I have the honour to submit the Annual Report of Saskatchewan Opportunities Corporation (SOCO) for the year ended December 31, 2001, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,



Eldon Lautermilch
Minister Responsible
Saskatchewan Opportunities Corporation



In the short time I have served as Chair of the Board of Saskatchewan Opportunities Corporation, I have seen first hand the important contributions SOCO has made to the economic development of the province.

I see economic development as a value and not just a department, or strategy or program. It is what we all do – as elected members, as public servants, as citizens of the province. We all are committed to the economic health of our province and our own communities.

That is one reason I am so excited to work with the Board and management of this corporation. Together, we add a dimension to growing the Saskatchewan economy that is unmatched in this province and indeed anywhere else in this country.

The mandate of SOCO is not simple or easy. The corporation is committed to act on the government's behalf in making strategic investments in small- and medium-sized businesses. At the same time, the corporation is charged with the responsibility to develop and manage world-class research parks as a home for technology-based organizations.

The results speak for themselves. Since its establishment in 1994, SOCO has invested in 90 companies in our key growth sectors of value-added agriculture, forestry, tourism and culture, mining and minerals, energy and advanced technology.

Since inception, SOCO's investments of \$62 million have levered \$225 million of additional private and public sector investment, and helped to create or maintain more than 4,900 direct and indirect jobs right here in Saskatchewan.

A recent independent survey showed that the two research parks contribute close to \$390 million to the provincial economy each year – and this continues to grow. Our parks' occupancy levels are close to 95%.

The Board and I are fully committed to the continued success of the corporation. When the Board and senior management met at its planning session last fall, it recommitted to supporting the Province's Partnership for Prosperity strategy as well as to continue to support the strategic objectives in the Crown Sector Strategic Plan.

The corporation is also committed to building positive relationships with private sources of capital and to facilitating and complementing private investment rather than competing with it. As an organization, we also plan to move towards a sustainable financial structure in the coming years. We are committed to achieving reasonable returns while ensuring the integrity of our public policy mandate.

These are just a few of the priorities the Board has endorsed. Now it is up to all of us, as Board, management, government, stakeholders and citizens, to work together to achieve our goals.

Our success is due in part to the partnerships we enjoy with Crown Investments Corporation, Saskatchewan Economic and Co-operative Development, University of Saskatchewan and University of Regina, Saskatchewan Trade and Export Partnership, Chambers of Commerce, Regional Economic Development Authorities, the Cities of Regina and Saskatoon and other municipal governments, the newly formed Investment Attraction Council and many others.

I am most grateful for the support of all Board members. I express my heartfelt thanks to the outgoing Board members in this past year, and pay special tribute to the late Nancy Redekop, who died while still a dedicated and hard-working Board member. We have been joined by several new Board members and I welcome them to the team.

I am deeply appreciative also for the leadership of former Board chair Maynard Sonntag, who has returned as Vice-Chair. And I thank the President, management and staff of the corporation for their professionalism and commitment this past year.

Eldon Lautermilch
Chair of the Board



As I reflect on the past year, I feel a mix of pride and cautious optimism. Saskatchewan Opportunities Corporation continues to fulfill its most important role – to contribute to the economic development of the province through initiatives in our two divisions: Investments and Research Parks.

We ended the year with a financial loss, largely from tenant consolidations and lower-than-expected revenues. Significant loan repayments during the year and lower-than-estimated disbursements also contributed to the loss in 2001.

Still, our support to clients helped to create or maintain 850 jobs for Saskatchewan people with prospects for even greater job creation in the coming year. Our research parks continue to be beacons of economic development in Regina and Saskatoon. An independent study reports that the parks contribute close to

\$390 million a year to the provincial economy.

Innovation Place in Saskatoon continues its strong ties with the business community and the University of Saskatchewan and provides an environment for research and technology tenants that is a model for all of Canada, if not the world.

The Regina Research Park, only in its second year, has launched its flagship building, The Terrace. The Premier of Saskatchewan, Hon. Lorne Calvert opened the building in October and signaled a new era for research and technology in Regina.

Our Investments Division has been hugely successful in demonstrating the value of an agency that fills a need not addressed by other financial institutions. Our mandate allows us to provide financing to small- and medium-sized businesses that are committed to helping the local economy grow.

We are also expanding our involvement in funds that will bring out-of-province dollars into the province. Building on the success of our involvement in Foragen Technologies Inc., we are a partner in the newly formed Western Life Sciences Venture Fund. This is a western-based early stage venture capital company that is in the process of establishing an office in Saskatchewan.

We are strengthening our human resource initiatives in a variety of areas including a new performance review process, broader training opportunities and corporation-wide succession planning. Our recent employee survey shows that we are ahead of industry standards in most areas of human resource management.

We are building communities not only through investments and real estate, but also through other forms of community support. Last year, we greatly increased our contributions to the United Way and also supported the Saskatchewan Abilities Council, Habitat for Humanity, Juvenile Diabetes and other causes.

We are helping to ensure a future for the people of Saskatchewan by increasing our support to youth of the province. In addition to offering scholarships at the University of Regina and University of Saskatchewan, we have formed a special partnership with ACE Saskatchewan, a group of business students at the two universities.

As we prepare for the future, the Board and senior management continued its joint strategic planning process and for the first time developed corporate statements of vision, mission and values. We continue to plan our activities within the guidelines of the Crown Sector Strategic Plan and measure our results using the Balanced Scorecard – a management tool employed by all of Saskatchewan's Crown corporations.

Building on the success of the past, we can look toward a prosperous future. As we move in that direction, we will continue to draw on the commitment and dedication of our staff, the guidance of our Board and the support of our partners, stakeholders and the government.

I would like to thank all those individuals who help the Saskatchewan Opportunities Corporation contribute to growing the economy of the province.

Nigel Howard
President

The Saskatchewan Opportunities Corporation was established as a Crown corporation in 1994 and as such takes its strategic direction from Crown Investments Corporation (CIC), the holding company for provincial Crown corporations and the 'shareholder.'

CIC developed a Crown Sector Strategic Plan in 1999 as a guide to all Crown corporations in developing their own business plans. CIC updated this plan for 2002 to ensure its continued relevance. The plan's five strategic goals have been integrated into SOCO's plans and operations and are reflected in the corporation's Balanced Scorecard, an integrated short- and long-term strategic performance management system. The Balanced Scorecard is organized under five key perspectives: Customer Satisfaction; Financial Performance; Mandate and Role; Public Purpose; and Human Resources.

Customer Satisfaction

CROWN SECTOR STRATEGIC GOAL

Exceed customer expectations for products and services.

SOCO'S STRATEGIC PRIORITY

Build client satisfaction.

- Meet or exceed client expectations.
- Communicate the opportunities available and the benefits derived from our investment services and research parks.

Financial Performance

CROWN SECTOR STRATEGIC GOAL

Position the entire Crown sector to prosper. Provide a return to the people of Saskatchewan that justifies the shareholder risk and investment in the overall sector.

SOCO'S STRATEGIC PRIORITY

Move towards financial self-sufficiency based on a sustainable financial structure.

- Continue to build positive relationships with private sources of capital, facilitating and complementing private investment rather than competing with it.
- Strive to achieve reasonable returns while ensuring the integrity of our public policy mandate.

Mandate and Role

CROWN SECTOR STRATEGIC GOAL

Strive to balance public accountability with each Crown corporation's need to operate in commercially competitive environments.

SOCO'S STRATEGIC PRIORITY

Support economic development through job creation and enhancing Saskatchewan's reputation.

- Strategically and aggressively utilize the synergy between the Research Parks and Investments divisions.
- Support the provincial government's revised economic and co-operative development strategy, emphasizing northern development, rural revitalization and the forestry and tourism sectors.

Public Purpose

CROWN SECTOR STRATEGIC GOAL

Contribute to social, economic and environmental public policies of the Government of Saskatchewan, including economic diversification and growth; representative workforces; skills training and development; technical innovation and development, and environmental responsibility and stewardship.

SOCO'S STRATEGIC PRIORITY

Foster innovation.

- Invest in new, innovative technologies.
- Demonstrate leadership on environmental issues.

Human Resources

CROWN SECTOR STRATEGIC GOAL

Align human resources processes and practices to best deal with emerging sector-wide issues and support achievement of individual Crown corporation strategies.

SOCO'S STRATEGIC PRIORITY

Ensure employee development.

- Sustain a caring workplace that is representative and free from inequity and harassment.
- Offer opportunities for training and development of employees.

SOCO supports enhanced public accountability and a greater degree of transparency in reporting the results of its operations. Our mandate and corporate goals are directed to an appropriate balance between fulfilling the shareholder's public policy mandate for economic development and financial results.

1. Financial Review

The core business activities of the Saskatchewan Opportunities Corporation center on two operating divisions: the Research Parks Division, which develops and operates research parks, and the Investments Division, which provides loans, equity and guarantees to Saskatchewan businesses. Through these business units, SOCO is mandated to foster economic development in the province.

During 2001, the corporation made substantial progress in its public policy mandate. The economic impact of research park tenants on the Saskatchewan economy was \$389 million, while the Investments Division participated in projects that resulted in \$76 million of investment in Saskatchewan. At the same time, the corporation's financial performance for the year was below expectations and reflective of a slowing provincial economy. SOCO experienced a net decrease in the size of its investment portfolio in 2001 and saw the growth in its research parks assets slow considerably relative to 2000.

As interest rates fell, investors repaid \$5.7 million of SOCO debt using less expensive debt from other sources. This, combined with lower-than-expected investment disbursements of \$5.3 million, left the corporation with a smaller investment portfolio by year end. In terms of return on investments, the Investments Division did not enjoy the same level of return on its equity portfolio as experienced in 2000. The rate of return for most of SOCO's debt investments is based on bank prime rates. Therefore, SOCO's return on debt investments dropped during 2001, just as the prime did.

The Research Parks Division showed improvement relative to 2000. The 2001 fiscal year marked the first full year of operation for Regina Research Park. That park's operating results had a positive effect on the total operating results of the Research Parks Division. Investment in capital assets by the Research Parks Division was less than the 2000 level, reflecting the completion of the two buildings at Regina Research Park and the two construction projects at Innovation Place. There were no new projects under construction at year end; however, there were new developments in the early planning stages.

2. Capital Investment and Financing

Investment in new research park assets during the year totalled \$17.2 million. This is substantially lower than the previous year, given the new development at Regina Research Park was essentially complete by the end of 2000 and no new major construction was planned for, or occurred in, 2001.

Prior to 1997, all of the corporation's capital expenditures and investment activities were financed through short-term advances from the General Revenue Fund (GRF). Since that time, \$130 million in short-term debt has been converted to longer terms to mitigate the financial impact of future interest rate fluctuations on the Research Parks Division. The conversion of short-term advances to longer terms facilitates matching of the estimated useful lives of research park assets with the terms of the associated liability.

Some cash from operations is employed to reduce the total borrowing necessary for capital projects.

3. Financial Condition

Since inception in 1994, SOCO has received no equity advances. The corporation has relied exclusively on debt financing and cash from operations to acquire and expand its research park development at Innovation Place and Regina Research Park, as well as to support its investment activities. SOCO makes regular interest payments to the GRF on all its debt. Operating grants are received from the GRF to assist SOCO in meeting its economic development mandate.

The retained earnings of the corporation have been built from sound management of revenues and expenses, as well as a prudent approach to investment activities to limit any actual investment losses. A portion of retained earnings has been appropriated for potential investment losses.

4. Risk Factors

The risks facing the corporation fall into three categories: credit and investment, rental property vacancy rates and interest rates.

CREDIT AND INVESTMENT RISK

Credit risk is inherent in lending and investing activities. SOCO is exposed to credit risks that are typical for any lending institution. However, the risk spectrum in which SOCO operates tends to be higher than that of the banking sector or other traditional financing institutions. This is, in part, because the corporation has an economic development mandate that involves supporting start-up operations, new company production, services at the commercialization stage and expansions. SOCO also makes equity investments, which, by definition, are higher risk than debt instruments. As such, the corporation's risk spectrum is comparable to private venture capital.

SOCO has taken precautionary steps to make reasonable provision for losses. As the corporation's portfolio grows and matures, the size of the provision for investment losses has increased. In addition, a reserve will help to absorb future potential losses in recognition of higher credit risk.

RENTAL PROPERTY VACANCY RISK

Rental risk is inherent in the property management business. The majority of costs at Innovation Place and Regina Research Park, such as amortization, property taxes and interest expense, are fixed costs. The operating results of SOCO's research parks depend to a large extent on the level of occupancy achieved. Therefore, the critical risk factor related to research parks is that tenants will leave and not be replaced, leaving the parks unable to cover fixed costs. However, given the historically high occupancy rates and the current leases at Innovation Place and Regina Research Park, management does not consider this to be a significant risk for the foreseeable future.

INTEREST RATE RISK

Most of the corporation's interest-bearing investments have interest rates that fluctuate with bank prime rates and therefore, match the short-term nature of the Investments Division debt.

In an ongoing effort to mitigate interest rate risk for the Research Parks Division, SOCO converts short-term debt to longer terms when market conditions are favourable. At the end of the 2001 fiscal year, only \$9.3 million of short-term debt related to research parks was outstanding, which puts the corporation in a very favourable position. A rapid and dramatic rise in interest rates may still have an impact on the Research Parks Division's operating results because increased interest costs cannot be passed on to tenants immediately or in their entirety. Management closely and continuously monitors interest rates and market conditions.

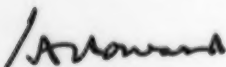
The accompanying financial statements of the Saskatchewan Opportunities Corporation have been prepared by corporate management in accordance with Canadian generally accepted accounting principles and necessarily include amounts based on informed judgment and management estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

The corporation's independent auditors, KPMG LLP, have examined the financial statements of the corporation. The scope of their examination and their opinion on whether these financial statements present fairly the corporation's financial position and operating results are given in the auditor's report.

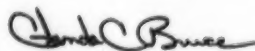
Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility to the ongoing operation. Management maintains an appropriate system of internal controls, policies and procedures to provide reasonable assurance that all financial transactions are recorded on a timely basis with proper approvals and result in reliable financial statements.

The board of directors has reviewed and approved these financial statements. To assist the board in meeting its responsibility, it has appointed an audit and finance committee consisting solely of outside directors. The committee meets periodically with management and is available to discuss internal accounting controls, audit results and accounting principles and practices.

On behalf of management,



Nigel Howard
President & Chief Executive Officer



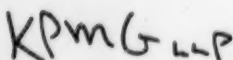
Glenda Bruce
Vice President & Chief Financial Officer

We have audited the statement of financial position of the Saskatchewan Opportunities Corporation as at December 31, 2001, and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for 2000 were reported on by another firm of chartered accountants.



Chartered Accountants
Regina, Saskatchewan
February 13, 2002

as at December 31

	2001 (000's)	2000 (000's)
ASSETS		
Cash and Cash Equivalents	\$ 1,171	\$ 1,289
Accounts Receivable and Prepaid Expenses	4,667	5,094
Investments (Note 2)	20,916	24,265
Capital Assets (Note 3)	143,107	129,164
	\$169,861	\$159,812
LIABILITIES AND EQUITY		
Accounts Payable and Accrued Liabilities	\$ 5,261	\$ 7,107
Notes Payable (Note 4a)	34,201	29,149
Long-Term Debt (Note 4b)	127,492	118,467
	166,954	154,723
Province of Saskatchewan's Equity		
Retained Earnings		
Unappropriated	1,242	1,992
Appropriated (Note 6)	1,665	3,097
	2,907	5,089
	\$169,861	\$159,812

(See Commitments and Contingencies - Note 10)

(See Accompanying Notes)

On behalf of the Board

John Lunn, Director
Normie Quirk, Director

for the Year Ended December 31

	2001 (000's)	2000 (000's)
REVENUE (Note 5)		
Research Parks	\$15,658	\$12,483
Investments	2,044	2,808
Operating Contribution - General Revenue Fund	6,116	5,466
Investment Contribution - General Revenue Fund	1,308	2,807
	25,126	23,564
EXPENSES (Note 5)		
Operating and Administration	4,947	3,898
Interest (Note 4d)	7,384	5,891
Research Parks	8,727	6,984
Amortization	3,251	3,654
Charge for Investment Impairment	2,740	3,026
Loss from Equity Investments	259	—
	27,308	23,453
Net (Loss)/Income	(2,182)	111
Retained Earnings:		
Unappropriated, Beginning of Year	1,992	1,662
Change in Appropriated Retained Earnings (Note 6)	1,432	219
Retained Earnings, Unappropriated, End of Year	\$ 1,242	\$ 1,992

(See Accompanying Notes)

for the Year Ended December 31

	2001 (000's)	2000 (000's)
OPERATING ACTIVITIES		
Net (Loss)/Income	\$ (2,182)	\$ 111
Add (deduct) non-cash items:		
Amortization	3,251	3,654
Charge for Investment Impairment	2,740	3,026
Loss from Equity Investments	259	—
Change in non-cash operating items:		
Decrease/(Increase) in Accounts Receivable and Prepaid Expenses	427	(1,242)
(Decrease)/Increase in Accounts Payable and Accrued Liabilities	(1,036)	2,069
Cash Provided by Operating Activities	3,459	7,618
INVESTING ACTIVITIES		
(Decrease) in Accounts Payable for Capital	(810)	(1,798)
Investment in Capital Assets	(17,194)	(27,290)
Investment Disbursements	(5,350)	(11,231)
Investment Reductions	5,700	2,713
Cash Used in Investing Activities	(17,654)	(37,606)
FINANCING ACTIVITIES		
Net Change in Notes Payable and Long-Term Debt	14,077	29,074
(Decrease) in Cash Position for the Year	(118)	(914)
Cash and Cash Equivalents, Beginning of Year	1,289	2,203
Cash and Cash Equivalents, End of Year	\$ 1,171	\$ 1,289
SUPPLEMENTARY INFORMATION		
Interest Paid on Notes Payable and Long-Term Debt	\$ 8,256	\$ 6,793

(See Accompanying Notes)

Saskatchewan Opportunities Corporation (the "Corporation") was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force on August 15, 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is subject to neither federal nor provincial income tax. The financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

The Corporation's mandate is to facilitate economic growth in Saskatchewan through investment in viable businesses and by investing in research parks that support the development of business.

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered to be significant:

a) Investments

Loans and equity investments are recorded at cost and valued in accordance with the policies described below. Income from loans, with the exception of non-performing loans, is recognized as earned. Income from equity investments is recognized when received.

In October 2000, the Corporation and CIC, together with Royal Bank Ventures Inc. and two Quebec financing agencies formed a limited partnership creating a seed investment fund for agriculture technologies (Foragen Technologies). The Corporation's investment was undertaken through a subsidiary of CIC in which the Corporation holds a 35.7% interest. The Corporation's investments are accounted for using the equity method. The original cost of the investment is adjusted for the Corporation's proportionate share of the holding company's net loss [2001 - \$(205,221), 2000 - \$(53,887)]. Over the next four years, the Corporation is committed to invest \$3,900,000 in Foragen Technologies.

In December 2001, the Corporation and CIC, together with Keystone Technologies, Ensis Group, Biovail and the Government of Manitoba formed a limited partnership creating a seed investment fund for human biotechnology, primary pharmaceuticals, biological and nutraceutical products (Western Life Sciences Venture Fund). The Corporation's investment was undertaken through a subsidiary of CIC in which the Corporation holds a 30% interest. The Corporation's investment is accounted for using the equity method. There has been no activity in the fund to date. Over the next five years, the Corporation is committed to invest \$2,700,000 in Western Life Sciences Venture Fund.

b) Provision for Investment Impairment

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The more subjective of such estimates is the Provision for Investment Impairment. Management believes its estimates to be appropriate; however, actual results could differ materially from the amounts estimated.

To reduce the recorded amount of the investment portfolio to its estimated net realizable value, a provision for the impairment of investments is recorded. Investments are classified as impaired when there is no longer reasonable assurance that the investment outstanding plus income earned will be fully recovered. The Corporation records a charge or recovery based on management's regular review of individual investments as follows:

For loans, the estimated net realizable value represents management's best estimate of the current value of future payments. Where future cash flows cannot be reasonably determined, estimates are based on the fair value of security, net of expected selling costs.

Equity investments are generally made as venture capital for the investee and do not have quoted market values. Estimated net realizable value represents management's best estimate of the amount that would be realized if the investments were disposed of in an orderly manner over a reasonable time period.

The Corporation records a general provision for investment impairment for groups of investments with similar characteristics, which may be exposed to common impairment conditions. If necessary, a general provision is determined based on management's judgment considering composition of the investment portfolio, business and economic conditions and historical performance.

c) Capital Assets

Capital Assets (Note 3) are recorded at cost which includes direct development costs and interest capitalized during construction. Rental assets consist of buildings at Innovation Place and the Regina Research Park, as well as related site improvement costs, tenant improvements, furniture and equipment. Office equipment, furniture and leasehold improvements are assets used by the Corporation in its own offices.

Capital assets are stated at cost less accumulated amortization. Amortization is provided for over the estimated useful lives of the assets based on the following:

	BASIS	YEARS
Rental Assets	Straight Line	15 to 40
Office Equipment/Furniture & Leaseholds	Straight Line	3 to 5

Construction in progress consists of buildings and tenant improvements currently under development. Buildings under construction are converted to rental assets at the earliest of one year after substantial completion or upon attaining 50% occupancy. No amortization is taken on assets under construction until they are converted to a rental asset.

d) Revenue Recognition

All revenue is recognized based on the Corporation's right to revenue pursuant to contracts with customers, tenants and clients using the accrual basis of accounting. Loans are classified as non-performing when management believes the receipt of future interest revenue is unlikely. No revenue is recognized on loans classified as non-performing. Due to the fluctuations in market value, the Corporation only recognizes gains on shares when they are redeemed.

e) Operating Contribution

Operating Contributions are provided by the General Revenue Fund (GRF) in recognition of the Corporation's economic development mandate. These funds are to cover the budgeted costs of corporate administration and operations of the Investments and Research Parks Divisions and are recognized as revenues when they are due to the Corporation.

f) Investment Contribution

Investment Contribution is provided by the GRF to cover potential losses. It is calculated at 25% of disbursements advanced during the period. The investment contribution is recognized as revenue when disbursements are made or when the Corporation is committed to a guarantee. Retained earnings in an amount equal to the investment contribution less the charge for investment impairment is separately identified as Appropriated Retained Earnings.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. INVESTMENTS

	2001 (000's)	2000 (000's)
Equity	\$10,518	\$ 6,226
Debt	19,229	24,716
Total	29,747	30,942
Allowance for Impairment	(9,943)	(7,748)
	19,804	23,194
Equity Accounted Investments	1,112	1,071
	\$20,916	\$24,265

Included in debt is \$2,421,000 of Non-Performing Loans (2000 - \$3,660,000).

3. CAPITAL ASSETS

			2001 (000's)	2000 (000's)
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Rental Assets	\$142,065	\$15,590	\$126,475	\$ 86,335
Office Equipment/Furniture & Leaseholds	1,825	1,203	622	682
Construction-in-Progress	16,010	—	16,010	42,147
	\$159,900	\$16,793	\$143,107	\$129,164

4. NOTES PAYABLE AND LONG-TERM DEBT

a) Notes Payable

At December 31, 2001, the Corporation had short-term debt payable to the GRF of \$34,201,000 (2000 - \$29,149,000), due March 28, 2002. Short-term notes from the GRF bear interest at rates established on a quarterly basis by the Department of Finance. The interest rate at December 31, 2001, is 1.98% (2000 - 5.57%). The Research Parks Division holds \$9,699,000 of the short-term debt and the Investments Division holds \$24,502,000 of the short-term debt.

b) Long-Term Debt

				2001 (000's)	2000 (000's)
PRINCIPAL OUTSTANDING	MATURITY DATE	INTEREST RATE	SINKING FUND BALANCE	NET PRINCIPAL OUTSTANDING	NET PRINCIPAL OUTSTANDING
\$ 10,000	June 01/06	6.00%	\$ n/a	\$ 10,000	\$ 10,000
20,000	May 28/08	5.50%	923	19,077	19,324
40,000	June 02/08	5.50%	1,320	38,680	39,143
25,000	June 17/19	5.50%	n/a	25,000	25,000
25,000	Jan 25/30	6.10%	265	24,735	25,000
10,000	Dec 01/06	4.75%	n/a	10,000	—
\$130,000			2,508	\$127,492	\$118,467

The long-term debt, due to the GRF, is reported net of associated sinking funds. The annual sinking fund contribution is equal to 1% of the long-term debt principal. All of the long-term debt relates to the Research Parks Division.

c) Fair Value

The fair values of the notes payable and long-term debt based on their net present values at December 31, 2001, is \$166,400,000 (2000 - \$142,700,000).

d) Interest Expense

Interest expense consists of the following:

		2001 (000's)	2000 (000's)
Notes Payable	\$1,434		
Long-Term Debt	6,849	\$8,283	\$7,510
Interest Capitalized		(810)	(1,503)
Interest Income		(89)	(116)
		\$7,384	\$5,891

5. SEGMENTED FINANCIAL INFORMATION

The Investments Business Unit includes all investment activities plus an allocation of corporate administration expenses and operating grants.

The Research Parks Business Unit includes Innovation Place, the Regina Research Park and other infrastructure development, plus an allocation of corporate administration expenses and operating grants.

	INVESTMENTS BUSINESS UNIT (000's)	RESEARCH PARKS BUSINESS UNIT (000's)	2001 TOTAL (000's)	2000 TOTAL (000's)
REVENUE				
Research Parks	\$ —	\$15,658	\$15,658	\$12,483
Investments	2,044	—	2,044	2,808
Operating Contribution	1,495	4,621	6,116	5,466
Investment Contribution	1,308	—	1,308	2,807
	4,847	20,279	25,126	23,564
EXPENSES				
Operating and Administration	2,305	2,642	4,947	3,898
Interest	868	6,516	7,384	5,891
Research Parks	—	8,727	8,727	6,984
Amortization	150	3,101	3,251	3,654
Charge for Investment Impairment	2,740	—	2,740	3,026
Loss from Equity Investments	259	—	259	—
	6,322	20,986	27,308	23,453
Net (Loss)/Income	\$(1,475)	\$ (707)	\$ (2,182)	\$ 111

6. APPROPRIATED RETAINED EARNINGS

Amounts received from the GRF as investment contributions in excess of the charge in the current period for impaired investments are appropriated for potential investment losses, if any, that may be recognized in the future.

	2001 (000's)	2000 (000's)
Opening Balance	\$3,097	\$3,316
Amount Appropriated during the Year	(1,432)	(219)
Ending Balance	\$1,665	\$3,097

7. FINANCIAL INSTRUMENTS**a) Significant Terms and Conditions**

There are no significant terms and conditions related to current assets or liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

b) Fair Value

Due to their short-term nature, the carrying values of accounts receivable, accounts payable and accrued liabilities approximate their fair values. The fair value of the investments shown in Note 2 cannot be practicably determined.

c) Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. Changes in interest rates on financial assets and liabilities with variable rates have a direct impact on earnings.

The Corporation's estimated exposure to interest rate risk is significant. Management will continue to seek opportunities to convert short-term debt to longer terms in an effort to mitigate this risk. As well, management has made an effort to match variable rate assets and liabilities.

TYPE OF INVESTMENT	INTEREST RATE RANGE	MATURE WITHIN 1 YEAR (000's)	MATURE IN 1 TO 5 YEARS (000's)	TOTAL (000's)
Fixed Rate	9.00-17.00%	\$ 1,713	\$3,898	\$ 5,611
Variable Rate	(see below)	10,269	—	10,269
		\$11,982	\$3,898	\$15,880

Variable interest rates range from prime plus 1.25% to prime plus 6%. In addition, \$6,617,000 of the variable rate investments are required to pay a minimum rate of 9% to 14%.

The corporation holds \$927,000 participating debt which is based on profits and \$2,422,000 non-performing debt which does not have associated interest rates.

8. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are also considered related parties.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2001 (000's)	2000 (000's)
Accounts Receivable	\$ 1,691	\$2,081
Accounts Payable	1,973	1,277
Research Park Revenue	7,081	3,465
Operating Expenses	10,059	7,696

Accounts payable includes \$1,076,000 (2000 - \$1,049,000) of interest payable to the GRF.

The Corporation pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

9. PENSION PLAN

All employees are members of the Capital Pension Plan, a defined contribution plan administered by CIC. The Corporation's financial obligation is limited to making regular payments in proportion to employees' earnings.

10. COMMITMENTS AND CONTINGENCIES

At December 31, 2001, the Corporation is committed to provide \$5,400,000 (2000 - \$6,400,000), excluding commitments to Foragen Technologies and Western Life Sciences Venture Fund, of investment capital to Saskatchewan businesses.

The estimated costs to complete projects under construction are approximately \$759,000 (2000 - \$5,300,000).

Lease commitments with respect to the Corporation's offices in Regina and Saskatoon total \$370,000, \$192,000 annually (2000 - \$138,000 annually).

The Corporation holds long-term land leases with both the University of Saskatchewan and the University of Regina for research park development. The actual lease payments are nominal.

At December 31, 2001, the Corporation has an unsecured operating line-of-credit at the Bank of Nova Scotia of \$2,000,000, of which no amount had been drawn on (2000 - nil). The line-of-credit bears interest at the bank's prime rate.

The Corporation is in discussion with the City of Saskatoon regarding electrical consumption for one building at Innovation Place that was not appropriately metered. It is difficult to quantify the extent of the liability, if any, of the Corporation to the City of Saskatoon. The Corporation will account for the settlement, if any, in the period in which the issue is resolved.

11. COMPARATIVE FIGURES

Certain prior years' comparative figures have been reclassified to conform to the current year's basis of presentation.



Standing (l to r): John Vinek, Dale Bloom (CIC BOARD SECRETARY), Honourable Maynard Sonntag (VICE CHAIR), Honourable Eldon Lautermilch (CHAIR), Ferne Nielsen, Naomie Seib
 Seated (l to r): Delva Seavy-Rebin, Dennis Johnson (CHAIR, GOVERNANCE & COMPENSATION COMMITTEE), John Penner (CHAIR, AUDIT & FINANCE COMMITTEE), John Hyshka, Jeff Grubb, QC

EXECUTIVE MANAGEMENT GROUP

Nigel Howard, PRESIDENT & CHIEF EXECUTIVE OFFICER
 Glenda Bruce, VICE-PRESIDENT & CHIEF FINANCIAL OFFICER
 W. Michael Fix, VICE-PRESIDENT, INVESTMENTS DIVISION
 Douglas Tastad, VICE-PRESIDENT, RESEARCH PARKS DIVISION

SENIOR MANAGEMENT

Corporate

Charlene Callander, CORPORATE COMPTROLLER
 Moses Kanhai, DIRECTOR, CORPORATE AFFAIRS
 Rudy Lackhan, SENIOR HUMAN RESOURCES MANAGER

Investments

John Helms, DIRECTOR, SASKATOON
 Vern Rourke, DIRECTOR, REGINA

Research Parks

Ken Loepky, GENERAL MANAGER, REGINA RESEARCH PARK
 Bill Sitter, GENERAL MANAGER, INNOVATION PLACE
 Ron Wiebe, MANAGER, TECHNICAL OPERATIONS
 Gregg Willie, BIOPROCESSING MANAGER

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Innovation Place

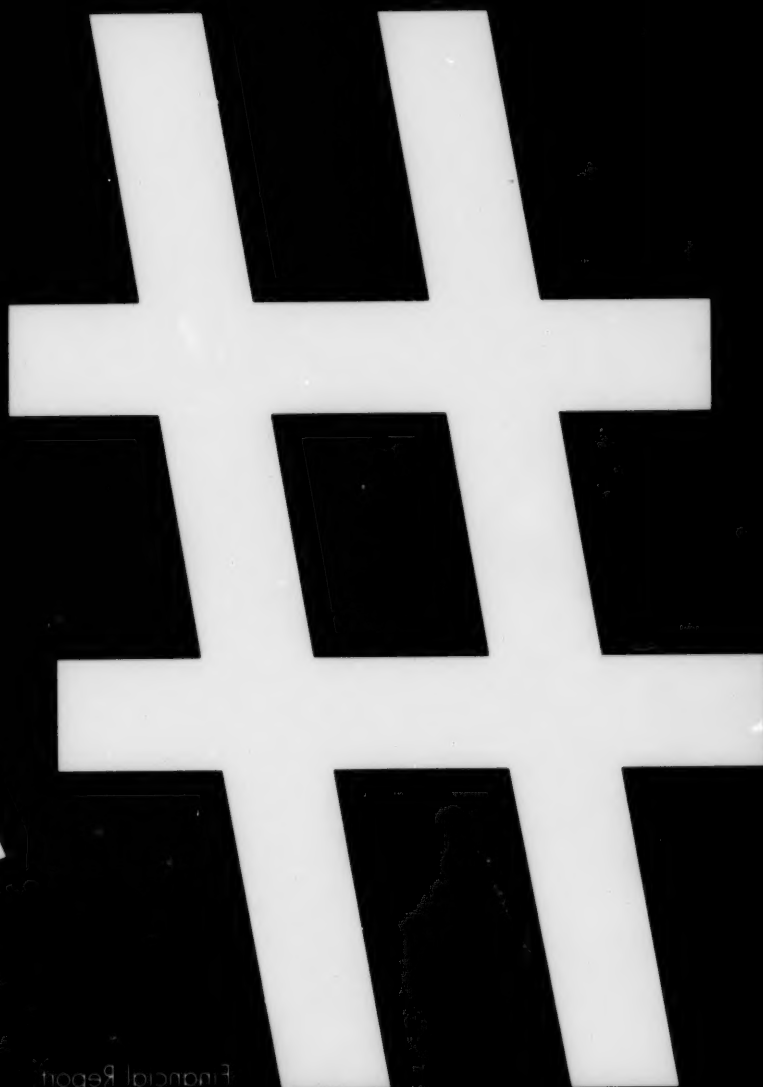
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SASKATCHEWAN OPPORTUNITIES CORPORATION



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Financial Report

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